

ORDINANCE NO. 14770

FILE OF CITY COUNCIL

BILL NO. 103 - 2009

November 18, 2009

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AN ORDINANCE

Amending Article 140, the Personnel System by requiring active non-bargaining unit employees to pay an employee contribution of seven and one-half (7.5%) percent toward the cost of whichever tier said employee elects under the Traditional Blue Cross or HMO plan or equivalent as provided by the City of Allentown, establishes a prescription drug co-pay program for all covered employees and their dependents at a \$5/25/40 co-pay, and provides for a \$1,500 opt out incentive of health and prescriptions plans for non-bargaining employees.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF ALLENTOWN:

SECTION ONE: That Article 140.14, Employee Benefits, be amended to include the following:

**Article 140.14 Employee Benefits**

The second component of compensation, following pay, is employee benefits, consisting of the various forms of insurance and work-related cost savings to employees, which are paid partially or completely by the City. This section lists and briefly explains the various employee benefits.

A. HEALTH

The City of Allentown provides full-service hospitalization/medical services/major medical, health maintenance organization plan, prescription, dental and vision benefit plans for full-time employees and their eligible dependents. Coverage is available for an enrolled full-time employee effective after a two-month waiting period.

All covered employees and their dependents have an option of participating in either the traditional hospitalization/medical services/major medical coverage, or in a health maintenance organization (HMO) plan.

Effective January 1, 2010, active non-bargaining unit employees shall pay an employee contribution of seven and one-half (7.5%) percent toward the cost of whichever tier said employee elects under the Traditional Blue Cross plan or equivalent as provided by the City of Allentown.

The seven and one-half (7.5%) percent employee contribution shall also be effected on the Keystone HMO plan or equivalent as provided by the City of Allentown effective January 1, 2010.

1. Traditional Medical – A major medical supplement having an individual and family deductible.
2. Health Maintenance Organization - Employee must choose a primary care physician and pay the current office visit co-payment of Fifteen (\$15) dollars.
3. Prescription – A mandatory generic prescription drug program is provided. Generic drugs will be dispensed unless written “brand necessary” (preferred and non-preferred brands) by treating physician. ~~There is a co-pay for prescription medications. The prescription drug program for all covered employees and their dependents has \$5/25/40 co-pay.~~ A 90-day supply is available through mail order.
4. Dental – A basic dental plan is provided with a limited deductible for each family member. The employee will be required to pay a portion of the premium costs.
1. Vision – Employees have a choice between the basic vision plan (offered only through the health maintenance organization coverage), or a specialty program for vision coverage for the employee or eligible dependents. Employees may be required to pay toward the premium costs through payroll deductions.
2. There will be an opt-out incentive of \$1,500, payable over 26 pays, for those non-bargaining employees who totally opt out of the City health and prescription plans. To be eligible for this incentive, the opt-out must involve non-City health coverage for which proof of coverage must be shown.

Retiree Coverage – For all eligible retirees, the City will provide the same health insurance benefits described above including the prescription plan, but excluding the dental plan and vision plan, subject to the following conditions:

1. To be eligible the employee must have at least fifteen (15) years of service and retire on or after January 1, 1984, the age of eligibility is 55. Coverage will remain in effect until the retiree attains age 65, until the retiree ceases contributions, or until the retiree's death, whichever occurs first.
2. Coverage is at the option of the retiree. If he/she retires before obtaining the age of eligibility, he/she must enroll in a plan before her/his eligibility age birthday. If he/she retires after attaining the eligibility age, he/she must enroll before terminating employment.
3. Once covered, if a retiree discontinues making payment of the required contributions or does not make the contribution by the 9<sup>th</sup> day of each month, he/she can never participate in a City retiree plan again for any reason.
4. Coverage for dependents is contingent upon the retiree's eligibility for coverage and the retiree's timely option for enrollment.
5. Opt-in or Opt-out Option - Non-bargaining unit employees may opt in or opt-out of the current medical program offered at the time of his/her retirement. If a covered employee chooses to opt out of the current medical program offered at the time of his/her retirement, that retiree may elect to opt in, but prior to the age of 65, to a medical program offered to retired non-bargaining employees by the City at the time of a subsequent, future open enrollment period. The election by the retiree to opt in to a future City sponsored medical program may be exercised only once during each retiree's lifetime.
6. The City will pay 75% of the premium costs for said medical and prescription coverage and the retiree will pay the remaining 25% of the premium costs. Failure to make payment by the 9<sup>th</sup> day of each month will cause the coverage to cease and the employee will receive

a COBRA notification. Employee will not be able to exercise their retirement option for coverage because of nonpayment.

7. A non-bargaining unit employee must retiree from the City with 15 years of service and attains the age of 55 to be eligible for this retiree health benefit. Employees resigning from the City of Allentown and vesting their pension are not eligible for this retiree health benefit option.

SECTION TWO: That this Ordinance takes effect January 1, 2010.

SECTION THREE: That all Ordinances inconsistent with the above provisions are repealed to the extent of their inconsistency.

Amendment to Change personal days to 8, and change sick day bonus to 3 days or less. 7-0.

PERSONAL DAYS

Non-bargaining unit employees receive ~~seven (7)~~ eight (8) personal days earned per year.

Personal time cannot be used until after the completion of the first four months of employment.

Personal days must be used during the calendar year in which they are earned, and not carried over from one calendar year to the next.

Sick Bonus – Non-bargaining unit employees that use ~~less than two (2)~~ three (3) days or less sick days in a calendar year are eligible for one (1) additional bonus personal day in the following year.

Bill Passed, 7-0.

**What Department or bureau is Bill originating from? Where did the initiative for the bill originate?**

Human Resources. During review of budgetary process.

- **Summary and Facts of the Bill**

For active non-bargaining employees.

Employee's contribution to share cost of health plan. Employee will contribute 7.5% for the category he/she is enrolled in.

Employees will also contribute 7.5% to cost of HMO.

- **Purpose – Please include the following in your explanation:**

- **What does the Bill do – what are the specific goals/tasks the bill seek to accomplish**
- **What are the Benefits of doing this/Down-side of doing this**
- **How does this Bill related to the City's Vision/Mission/Priorities**

Provide an adequate employee health plan while reducing cost to the City through fair share.

This is appropriate when considering the consistent escalation of health care costs and the current trend in the present economy.

- **Financial Impact – Please include the following in your explanation:**

- **Cost (Initial and ongoing)**
- **Benefits (initial and ongoing)**

This change will mitigate some of the cost to the City of Allentown while providing a very good health benefit to its employees.

- **Funding Sources – Please include the following in your explanation:**

- **If transferring funds, please make sure bill gives specific accounts; if appropriating funds from a grant list the agency awarding the grant.**

Not Applicable

- **Priority status/Deadlines, if any**

To be implemented January 1, 2010.

- **Why should Council unanimously support this bill?**

To offset the escalating cost of health care. The City of Allentown pays a substantially higher portion of the cost of its plans in comparison to other business entities in the Lehigh Valley.

**Bill passed: 6-1 (Phillips)**

	Yea	Nay
Michael Donovan	X	
Jeanette Eichenwald	X	
Julio A. Guridy	X	
David M. Howells, Sr.	X	
Tony Phillips		X
Peter G. Schweyer	X	
Michael D'Amore, President	X	
<b>TOTAL</b>	<b>6</b>	<b>1</b>

I hereby certify that the foregoing Ordinance was passed by City Council on December 2 and signed by the Mayor on December 11, 2009.

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CITY CLERK